



भारत का राजपत्र The Gazette of India

असाधारण
EXTRAORDINARY

भाग II—खण्ड 2
PART II—Section 2

प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

सं० 52] नई दिल्ली, सोमवार, दिसम्बर 19, 1983/अग्राहायण 28, 1905

No 52] NEW DELHI, MONDAY, DECEMBER 19, 1983/AGRAHAYANA 28, 1905

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन
के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed
as a separate compilation

LOK SABHA

The following Bill was introduced in Lok Sabha on the 19th December, 1983:—

BILL No. 109 OF 1983

A Bill to provide, with a view to the more effective realisation of the objectives of nationalisation of life insurance business, for the dissolution of the Life Insurance Corporation of India and for the establishment of a number of corporations for the more efficient carrying on of the said business and for matters connected therewith or incidental thereto.

31 of 1956

WHEREAS the nationalisation of life insurance business in India was made by the Life Insurance Corporation Act, 1956 by transferring all such business to the Life Insurance Corporation of India established under section 3 of that Act;

AND WHEREAS for the more effective realisation of the objectives of such nationalisation, it is necessary to dissolve the said Corporation and establish, in its place, a number of corporations for the more efficient carrying on of the said business;

Be it enacted by Parliament in the Thirty-fourth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. (1) This Act may be called the Life Insurance Corporations Act, 1983.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

Short title
and
commence-
ment.

Definitions.

2. In this Act, unless the context otherwise requires,—

(a) "Appellate Claims Tribunal" means the Appellate Claims Tribunal constituted under section 27;

(b) "appointed day" means the date on which this Act comes into force;

(c) "Board" means the Life Insurance Board constituted under section 15;

(d) "Claims Tribunal" means a Claims Tribunal constituted under section 22;

(e) "Corporation" means a Life Insurance Corporation established under sub-section (1) of section 4;

(f) "dissolved Corporation" means the Life Insurance Corporation of India which shall stand dissolved by virtue of section 3;

4 of 1938.

(g) "Insurance Act" means the Insurance Act, 1938;

(h) "Life Insurance Act" means the Life Insurance Corporation Act, 1956;

31 of 1956.

(i) "notification" means a notification published in the Official Gazette;

(j) "policy of life insurance" means a contract of insurance upon human life and includes any other contract, the business of effecting whereof constitutes life insurance business in accordance with the provisions of clause (11) of section 2 of the Insurance Act;

(k) "prescribed" means prescribed by rules made under this Act;

(l) "Service Matters Tribunal" means a Service Matters Tribunal constituted under section 31;

(m) words and expressions used in this Act but not defined herein and defined in the Insurance Act shall have the meanings respectively assigned to them in the Insurance Act.

Dissolution
of Life
Insurance
Corporation
of India and
repeal.

3. (1) On the appointed day, subject to the other provisions of this Act, the Life Insurance Corporation of India established under section 3 of the Life Insurance Act shall stand dissolved and the said Act shall stand repealed.

(2) The capital provided to the dissolved Corporation by the Central Government, and the officers, other employees and insurance agents of, and the assets, rights and liabilities of, the dissolved Corporation immediately before the appointed day, and all other matters relating to the said Corporation, shall be dealt with in accordance with the provisions of the First Schedule.

CHAPTER II

ESTABLISHMENT OF LIFE INSURANCE CORPORATIONS AND THEIR CAPITAL

Establish-
ment of Life
Insurance
Corporations.

4. (1) There shall be established with effect from the appointed day, the following Life Insurance Corporations, namely:—

(i) the Central Life Insurance Corporation of India, with its Head Office at Kanpur;

(ii) the Eastern Life Insurance Corporation of India with its Head Office at Calcutta;

(iii) the Northern Life Insurance Corporation of India, with its Head Office at Delhi;

(iv) the Southern Life Insurance Corporation of India, with its Head Office at Madras;

(v) the Western Life Insurance Corporation of India, with its Head Office at Bombay.

(2) Each Corporation shall be a body corporate having perpetual succession and a common seal with power, subject to the provisions of this Act, to acquire, hold and dispose of property, and to contract, and may by its name sue and be sued.

5. (1) The authorised capital of each Corporation shall be rupees five crores.

Capital.

(2) The sum of rupees one crore which, by virtue of paragraph 2 of the First Schedule, becomes transferred to each Corporation shall be deemed to be the paid-up capital provided to such Corporation by the Central Government.

(3) The Central Government may, on the recommendation of a Corporation, increase or reduce the paid-up capital of such Corporation to such extent and in such manner as that Government may determine, so, however, that the amount of the paid-up capital shall not be so increased as to exceed the authorised capital thereof.

6. (1) Each Corporation shall consist of such number of members, not exceeding sixteen, as the Central Government may think fit to appoint thereof, and one of them shall be appointed by the Central Government to be the Chairman thereof.

Constitution of Corporations.

(2) Before appointing a person to be a member of a Corporation, the Central Government shall satisfy itself that such person will have no such financial or other interest as is likely to affect prejudicially the exercise or performance by him of his functions as a member of that Corporation, and the Central Government shall also satisfy itself, from time to time, with respect to every member of a Corporation that he has no such interest; and any person who is, or whom the Central Government proposes to appoint as, and who has consented to be, a member of a Corporation shall, whenever required by the Central Government so to do, furnish to it such information as that Government may consider necessary for the performance of its duties under this sub-section.

(3) A member of a Corporation who is in any way directly or indirectly interested in a contract made or proposed to be made by that Corporation shall, as soon as possible after the relevant circumstances have come to his knowledge, disclose the nature of his interest in the contract to the Corporation; and such member shall not take part in any deliberation or discussion of the Corporation with respect to that contract.

(4) It is hereby declared that for the purposes of sub-section (1), any person holding the office of an Executive Director of a Corporation may be appointed as a member of such Corporation and on such appointment, such person shall function as a member of the Corporation in addition to his duties as an Executive Director.

Term of office and conditions of service of chairman and other members.

7. (1) The Chairman and other members of a Corporation (except where any person is appointed as an *ex officio* member thereof) shall hold office for such term, not being less than three years, as may be prescribed, and shall be eligible for reappointment for a like term.

(2) A casual vacancy arising from the death, resignation or otherwise of a member of a Corporation may be filled up by the fresh appointment of a person as a member of the Corporation and the person so appointed to fill the vacancy shall hold office for the remainder of the term of office of the member in whose place he is appointed.

(3) If the Chairman or any other member of a Corporation is, for infirmity or otherwise, incapable of carrying out his duties or is absent on leave, the Central Government may appoint another person to act in his place for the period during which such Chairman or other member is unable to carry out his duties or is absent on leave.

(4) The Chairman of a Corporation shall be entitled to receive such salary and allowances, and shall be subject to such conditions of service in respect of leave, pension, provident fund and other matters, as may be prescribed, and the other members of a Corporation shall be entitled to such allowances as may be prescribed.

Disqualifications and removal.

8. (1) No person shall be eligible to be appointed, or to continue, as a member of a Corporation, or of the Board, who—

(a) is, or at any time has been, adjudicated as insolvent or has suspended payment of his debts or has compromised with his creditors; or

(b) is of unsound mind and stands so declared by a competent court, or

(c) is, or has been, convicted of an offence which, in the opinion of the Central Government, involves moral turpitude, or

(d) is, or at any time has been, convicted of an offence under this Act, or

(e) has so abused, in the opinion of the Central Government, his position as a member of the Corporation, or of the Board, as to render his continuance as such member, detrimental to the interests of the Corporation, or of the Board, as the case may be.

(2) The Central Government shall, by order in writing, remove from office any member of a Corporation or of the Board who is, or has become, subject to any disqualification specified in sub-section (1):

Provided that no such removal shall be made unless the member concerned has been given a reasonable opportunity of showing cause against the proposed action.

(3) Notwithstanding anything contained in sub-section (1), or sub-section (2),—

(a) the Central Government may terminate the appointment of the Chairman of a Corporation after giving him notice in writing of not less than three months without assigning any reason;

(b) the Chairman of a Corporation may resign his office by giving notice to the Central Government in writing of not less than three months without assigning any reason.

CHAPTER III

FUNCTIONS OF LIFE INSURANCE CORPORATIONS

9. (1) Subject to the rules, if any, made by the Central Government in this behalf, and the other provisions of this Act, it shall be the general duty of each Corporation to carry on life insurance business, whether in or outside India, and each such Corporation, shall—

Functions
of each
Corpora-
tion.

(a) be primarily responsible for the intensive development of life insurance business within the Zone, and, in particular, in the Divisions within the Zone, specified, or deemed to be specified, in the corresponding entries against its name in the Second Schedule; and

(b) so exercise its powers under this Act as to secure that life insurance business is developed to the best advantage of the community.

Explanation I.—For the purposes of this sub-section, and of section 11, “Zone” means a Zone specified in the Life Insurance Corporation Regulations, 1959, as in force immediately before the appointed day, and “Division” means a Division specified against a Zone in the corresponding entry in column III of the Second Schedule, and includes such other Division as may be established, within a Zone, after the appointed day, and on such establishment, such Division shall be deemed to be included in the corresponding entry in column III of the Second Schedule.

Explanation II.—The territorial limits of each Division specified in column III of the Second Schedule shall, until they are duly altered under this Act, be such as were specified, immediately before the appointed day, by the dissolved Corporation, and the territorial limits of any Division established after the appointed day shall be such as may be specified by the concerned Corporation.

(2) Without prejudice to the generality of the foregoing provisions of this section, but subject to the other provisions of this Act, each Corporation shall have power—

(a) to carry on capital redemption business, annuity certain business or reinsurance business in so far as such reinsurance business appertains to life insurance business;

(b) subject to the rules, if any, made by the Central Government in this behalf, to invest the funds of the Corporation in such manner as the Corporation may think fit and to take all such steps as may be necessary or expedient for the protection or realisation of any investment, including the taking over of, and administering, any property offered as security for the investment until a suitable opportunity arises for its disposal;

(c) to acquire, hold and dispose of any property for the purpose of its business;

(d) to transfer the whole or any part of the life insurance business carried on by it outside India to any other person or persons, if in the interest of the Corporation it is expedient so to do;

(e) to advance or lend money upon the security of any movable or immovable property or otherwise;

(f) to borrow or raise any money in such manner and upon such security as the Corporation may think fit;

(g) to carry on any other business in any case where such other business was being carried on, immediately before the appointed day, by the dissolved Corporation;

(h) to carry on, with the prior approval of the Central Government, any other business which may seem to the Corporation to be capable of being conveniently carried on in connection with its business and calculated directly or indirectly to render profitable the business of the Corporation;

(i) to do all such things as may be incidental, or conducive, to the proper exercise of any of the powers of the Corporation.

(3) In the discharge of any of its functions, each Corporation shall act, so far as may be, on business principles.

(4) Each Corporation shall, in the discharge of its functions under this Act, be guided by such directions in matters of policy involving public interest as the Central Government may give to it in writing; and if any question arises whether a direction relates to a matter of policy involving public interest, the decision of the Central Government thereon shall be final.

Power to
impose con-
ditions etc.

10. (1) In entering into any arrangement with any concern, a Corporation may impose such conditions as it may think necessary or expedient for protecting the interest of that Corporation and for ensuring that the accommodation granted by it is put to the best use by the concern.

(2) Where any arrangement entered into by a Corporation with any concern provides for the appointment by that Corporation of one or more directors of such concern, such provision and any appointment of directors made in pursuance thereof shall be valid and effective notwithstanding anything to the contrary contained in the Companies Act, 1956, or in any other law for the time being in force or in the memorandum, articles of association or any other instrument relating to the concern, and any provision regarding share qualification, age limit, number of directorships, removal from office of directors and such like conditions contained in any such law or instrument, shall not apply to any director appointed by the Corporation in pursuance of the arrangement as aforesaid.

1 of 1955.

(3) Any director appointed as aforesaid,—

(a) shall hold office during the pleasure of the Corporation by which he was so appointed and may be removed, or substituted by any other person, by order in writing by that Corporation;

(b) shall not incur any obligation or liability by reason only of his being a director or for anything done or omitted to be done in good faith in the discharge of his duties as a director or for anything done in relation thereto;

(c) shall not be liable to retirement by rotation and the existence of such director shall not be taken into account while computing the number of directors liable to such retirement.

CHAPTER IV

MANAGEMENT

11. (1) The Head Office of each Corporation shall be at the place specified in relation to it in section 4.

Head Office
and other
offices of
each Cor-
poration.

(2) Each Corporation may establish as many Divisional Offices, Branches and other offices within the Zone specified against its name in the Second Schedule as it may think fit:

Provided that a Corporation may establish, with the previous approval of the Central Government, any Divisional Office, Branch Office or other office at any place outside the Zone specified against it in the Second Schedule.

12. (1) The Chairman of a Corporation shall be the Managing Director thereof and shall, subject to such general or special directions as the Corporation or the Executive Committee constituted under sub-section (1) of section 13, may from time to time give, exercise all such powers as may be exercised, and do all such acts and things as may be done, by the Corporation.

Chairman
to be the
Managing
Director.

(2) The Chairman of a Corporation shall be the President of each Committee of the Corporation constituted under section 13 and shall, in his capacity as the Managing Director of the Corporation, carry out the advice of the Investment Committee, constituted under sub-section (2) of section 13, in regard to investments of the funds of the Corporation;

Provided that it shall be open to the Chairman to reserve the question of any such advice on any particular item, for consideration by the Corporation.

13. (1) Each Corporation may constitute an Executive Committee consisting of its Chairman and not more than six and not less than four of its other members and may entrust to that Committee the general superintendence and the direction of the affairs and business of the Corporation and the Executive Committee so constituted may exercise all the powers and do all such acts and things, as may be delegated to it by the Corporation by which it is constituted.

Power of
each Cor-
poration to
constitute
Committees.

(2) Each Corporation may also constitute an Investment Committee for the purpose of advising it in matters relating to the investment of its funds, and the Investment Committee shall consist of the Chairman of the Corporation and not more than eight and not less than six other members of whom not less than four shall be members of that Corporation and the remaining members shall be persons (whether members of that Corporation or not) who have special knowledge of, and experience in, financial matters, particularly matters relating to investment of funds

(3) Each Corporation may constitute such other Committees as it may think fit for the purpose of discharging such of its functions as may be delegated to them.

(4) The members of a Committee constituted under this section, other than the members of the concerned Corporation, shall be paid such fees and allowances as may be prescribed, for attending its meetings and for any other work of the Corporation.

(5) A Committee to which any powers or functions are delegated under this section by any Corporation shall exercise those powers or discharge those functions in the same manner and with the same effect as if they had been conferred on such Committee directly by this Act and not by way of delegation.

Power to
appoint
Executive
Directors,
etc.

14. (1) Each Corporation may, with the approval of the Central Government, appoint one or more persons to be the Executive Directors of the Corporation, and every Executive Director so appointed shall be a whole-time officer of the Corporation.

(2) Every Executive Director shall exercise such powers and perform such duties, as may be entrusted or delegated to him by the Executive Committee or the Corporation.

(3) Subject to the rules, if any, made by the Central Government in this behalf, each Corporation may also employ a Secretary and such number of other officers and employees as may be necessary for the purpose of enabling it to discharge its functions under this Act.

(4) The terms and conditions of service of the Executive Directors, Secretary and other officers and employees of a Corporation shall be such as may be prescribed.

(5) Every person employed by a Corporation or whose services have been transferred to a Corporation under this Act, shall be liable to serve anywhere in India.

(6) Any Executive Director to whom any powers and duties are delegated by any Corporation or Executive Committee thereof, shall exercise those powers or perform those duties in the same manner and with the same effect, as if they had been conferred on such Executive Director directly by this Act and not by way of delegation.

CHAPTER V

THE LIFE INSURANCE BOARD

Constitution
of the Life
Insurance
Board.

15. (1) The Central Government may, by notification, constitute a Board, to be called the Life Insurance Board, consisting of—

(a) the Chairman of each Corporation, *ex officio*, and

(b) such number of other members, not exceeding eleven, as the Central Government may think fit to appoint thereto.

(2) The office of the Board shall be at New Delhi.

(3) One of the members of the Board shall be appointed by the Central Government to be the Chairman thereof.

(4) Before appointing a person to be a member of the Board, the Central Government shall satisfy itself that such person will have no such financial or other interest as is likely to affect prejudicially the exercise or performance by him of his functions as a member thereof,

and the Central Government shall also satisfy itself, from time to time, with respect to every member of the Board that he has no such interest, and any person who is, or whom the Central Government proposes to appoint as, and who has consented to be, a member of the Board shall, whenever required by the Central Government so to do, furnish to it such information as the Central Government may consider necessary for the performance of its duties under this sub-section.

(5) A member of the Board who is in any way directly or indirectly interested in a contract made or proposed to be made by any one or more of the Corporations shall, as soon as possible after the relevant circumstances have come to his knowledge, disclose the nature of his interest in the contract to the Board and to the Central Government and such member shall not take part in any deliberation or discussion of the Board with respect to that contract.

16. (1) A member of the Board, other than an *ex officio* member thereof, shall hold office for such term, not being less than three years, as may be prescribed and shall be eligible for reappointment for a like term.

Conditions
of service
of mem-
bers of
the Board

(2) Notwithstanding anything contained in sub-section (1),—

(a) the Central Government may terminate the appointment of a member of the Board (other than an *ex officio* member) at any time before the expiry of the term of office fixed under sub-section (1) by giving him a notice in writing of not less than three months, and

(b) every such member (other than an *ex officio* member) may resign his membership of the Board at any time before the expiry of the term of his office by giving to the Central Government a notice in writing of not less than three months.

(3) A casual vacancy arising from the death, resignation or otherwise of a member of the Board may be filled by fresh appointment and the person appointed to fill the vacancy shall hold office for the remainder of the term of office of the member in whose place he is appointed.

(4) If the Chairman or any other member of the Board, is, for infirmity or otherwise, incapable of carrying out his duties or is absent on leave, the Central Government may appoint another person to act in his place for the period during which such Chairman or other member of the Board is unable to carry out his duties or is absent on leave.

(5) A person appointed as a whole-time member of the Board shall be entitled to receive such salary and allowances, and shall be subject to such conditions of service in relation to leave, pension, provident fund and other matters as may be prescribed, and a person appointed as a part-time member of the Board shall be entitled to such allowances and shall be subject to such other conditions of service as may be determined by the Central Government.

17. (1) The Board may constitute as many Committees consisting wholly of members of the Board or wholly of other persons or partly of members of the Board and partly of other persons and for such purposes as it may deem fit.

Committees
of the
Board

(2) The members of a Committee (other than the members of a Corporation or of the Board) shall be paid such fees and allowances as may be prescribed, for attending its meetings and for attending to any other work of the Board.

Meetings
of the
Board.

18. (1) For the purposes of this Act, the Board or any Committee of the Board shall meet at such times and places and shall observe such rules of procedure in regard to the transaction of business at its meetings as may be prescribed.

(2) Notwithstanding anything contained in sub-section (1), a member of the Board who has any direct or indirect pecuniary interest in any matter [other than a contract referred to in sub-section (5) of section 15], coming up for consideration at a meeting of the Board or a Committee thereof shall, as soon as possible after the relevant circumstances have come to his knowledge, disclose the nature of his interest in respect of that matter at such meeting; and such member shall not take part in any deliberation or discussion of the Board or the Committee with respect to that matter.

Secretary
and other
staff of the
Board.

19. (1) The Board may appoint a Secretary and such other officers and employees as may be necessary for the performance of its functions.

(2) The terms and conditions of service of the Secretary and other officers and employees of the Board shall be such as may be prescribed.

Functions
of the
Board.

20. (1) Subject to the other provisions of this Act and the rules made thereunder, the Board shall, from time to time, review the functioning of each of the Corporations and render such service to any Corporation as it may deem fit for the promotion of such measures as are, in its opinion, conducive to the development of life insurance business.

(2) In particular and without prejudice to the generality of the foregoing provisions, the Board may—

(a) suggest measures for co-ordinating the working of the Corporations;

(b) plan and organise training of—

(i) persons included in the management cadres and lay down norms for training of various persons in various other cadres, and

(ii) insurance agents;

(c) inspect at all reasonable times the offices of any Corporation;

(d) provide for research and evaluation of life insurance schemes;

(e) provide assistance and guidance in relation to the following, namely:—

(i) mortality and actuarial investigation on all-India basis in respect of assured lives, annuitants, impaired lives, lives covered under group insurance and pension schemes and fixation of underwriting standards;

(ii) research and development of new plans for intensive development of life insurance business and for meeting specific insurance needs of various sections of the community;

(iii) co-ordinating the activities in the matter of conducting periodical actuarial evaluations;

(f) review procedures and practices in the working of the Corporations at all levels;

(g) perform such other functions as may be prescribed.

21. (1) The Central Government may, from time to time, by general or special order and subject to any rules that may be made in this behalf, direct each Corporation, having regard to the premium income of that Corporation and other relevant considerations, to pay to the Board such amount as it may determine for meeting the expenditure of the Board.

Finances of
the Board.

(2) If any default is made by any Corporation in making payment to the Board of the whole or any part of the amount determined by the Central Government under sub-section (1), such amount shall be recoverable in the same manner and to the same extent as if it were a decree passed by the civil court within the local limits of whose jurisdiction the Head Office of that Corporation is situated.

CHAPTER VI

CONSTITUTION OF TRIBUNALS

22. (1) The Central Government shall, as soon as may be after the appointed day, by notification, constitute as many Claims Tribunals as it may deem necessary for deciding disputes with respect to claims under policies of life insurance.

Power of
Central
Government
to constitute
Claims
Tribunals.

(2) Each Claims Tribunal shall consist of one member, or where the Central Government is of opinion that such Tribunal shall consist of more than one member, such number of members, not being less than three, as the Central Government may think fit to appoint.

(3) Where a Claims Tribunal consists of one member, that member shall be a person who is holding, or has held, for not less than seven years, a judicial office in the territory of India or is, or has been, a member of the Indian Legal Service, and is holding, or has held, a post not below a post in Grade II of that Service, and where the Claims Tribunal consists of more than one member, not less than one of the members of such Tribunal shall be a person qualified as aforesaid, and the remaining member or members shall be appointed from amongst serving officers of a rank not below that of a Director to the Government of India or of an equivalent rank under a State Government or an insurance corporation or the Board.

(4) Where the number of members of a Claims Tribunal is more than one, the Central Government shall appoint one of those members to be the President of that Tribunal, who shall preside over the meetings of that Tribunal, and in the absence of the President, the seniormost member of the Tribunal shall preside over its meetings.

Explanation I.—For the purposes of this section and of sections 27 and 31, “insurance corporation” means—

(a) the dissolved Corporation;

(b) a Corporation established under this Act;

(c) the General Insurance Corporation formed under the General Insurance Business (Nationalisation) Act, 1972, or any of its subsidiaries.

57 of 1972.

Explanation II.—In computing, for the purposes of this section and of sections 27 and 31, the period during which a person has held judicial office in the territory of India, there shall be included any period, after he has held any judicial office, during which the person has been practising as an advocate or has held the office of a member of a tribunal or any post under the Union or a State, requiring special knowledge of law.

(5) Any vacancy in the membership of a Claims Tribunal shall be filled up by the Central Government as soon as practicable.

Ferritorial
limits of the
jurisdiction
of a Claims
Tribunal.

23. (1) The Central Government shall, from time to time, define, by notification, the territorial limits within which a Claims Tribunal shall exercise its jurisdiction and where two or more Claims Tribunals have jurisdiction over the same territorial limits, the Central Government shall also provide, by notification, the distribution or allocation of work to be done by each of them.

(2) Each Claims Tribunal shall have jurisdiction to decide all disputes with respect to maturity claims or death claims under policies of life insurance, arising within the territorial limits of its jurisdiction.

(3) Where a claimant has more than one maturity claim or death claim under policies of life insurance, he shall, while making any claim before a Claims Tribunal, include, in the application made by him under section 24, all the claims which he is entitled to make before such Tribunal:

Provided that he may, if he so desires, relinquish any portion of his claim.

Explanation.—For the purposes of this sub-section, "maturity claim" means a claim under a policy of life insurance in relation to which there is no doubt or dispute as to the compliance of all the terms and conditions of such policy of life insurance, including the payment of all premia payable thereunder.

(4) If the claimant fails or omits to include, in the application made by him under section 24, all his claims or relinquishes any portion of his claim, he shall not be entitled thereafter to make any application relating to any claim which he has so omitted to include in the application aforesaid or which he has so relinquished, and where any application under section 24 has been adjudicated upon by the Claims Tribunal or the Appellate Claims Tribunal, the claimant shall be debarred from instituting any suit or other legal proceeding in relation to any claim which he has failed or omitted to include in such application or which has been so relinquished by him.

(5) Where a claimant has made claims before different Claims Tribunals, having jurisdiction, he may apply to any of the said Tribunals to make an order, so that all the claims made by him may be heard by a single Tribunal, and thereupon the Tribunal in which such application is made may by order determine which of the said Tribunals shall deal with all the claims and transfer to such Tribunal the claims pending with the other Tribunals and the Tribunal to which the claims

are so transferred shall deal with each such claim from the stage which was reached before the Tribunal from which the claim has been so transferred.

24. (1) Any person aggrieved by—

Applica-
tions to
Claims
Tribunals.

(a) the decision of a Corporation rejecting the whole or any part of the maturity claim or death claim made by him under any policy of life insurance, or

(b) the omission or failure of a Corporation to give its decision, within six months from the date of the application, on the whole or any part of the maturity claim or death claim made by him under any policy of life insurance,

may make an application to the Claims Tribunal having jurisdiction for the determination of his claim and for the grant of such relief as the Tribunal may think fit.

(2) Every application made under sub-section (1) shall be made in such form, be verified in such manner, and be accompanied by such fee, not exceeding five hundred rupees, as may be prescribed on a graded scale depending on the value of the claim.

(3) An application, under sub-section (1), for the determination of a claim shall be made,—

(a) in the case of a decision referred to in clause (a) of that sub-section, within a period of ninety days from the date on which the decision of the Corporation rejecting the claim, whether in whole or in part, was communicated to the applicant;

(b) in the case of any omission or failure referred to in clause (b) of that sub-section, within a period of ninety days computed from the date on which the said period of six months expires:

Provided that the Claims Tribunal may admit any such application after the expiry of the said period of ninety days if it is satisfied that the applicant was prevented by sufficient cause from making the application within the said period.

(4) Any person referred to in sub-section (1) may, instead of making an application to a Claims Tribunal under sub-section (1), institute a suit or commence any other legal proceeding in a civil court having jurisdiction for the recovery of any amount due in respect of a maturity claim or death claim under any policy of life insurance or for any other relief in relation to such claim, and where any such suit or other legal proceeding is instituted or commenced, no Claims Tribunal shall have jurisdiction to entertain any application in relation to the maturity claim or death claim under any policy of life insurance in relation to which such suit or other legal proceeding has been instituted or commenced, unless such suit or other legal proceeding is withdrawn, within the period specified in sub-section (3), by the person by whom it was instituted or commenced or, if he has died before the expiry of the said period, by his legal representative.

(5) Where a suit or other legal proceeding referred to in sub-section (4) is withdrawn within the period specified in sub-section (3), the aggrieved person may make, within the said period, an application under sub-section (1) to the Claims Tribunal having jurisdiction for the determination of his claim

and for the grant of such relief as the Tribunal may deem fit and on such application being made, the Tribunal shall have jurisdiction to deal with the matter.

(6) No suit or other legal proceeding shall lie in a civil court in respect of any matter which is pending before, or which has been decided by a Claims Tribunal or the Appellate Claims Tribunal.

Benches
of Claims
Tribunal.

25. The powers and functions of a Claims Tribunal may be exercised and discharged by Benches constituted by the President of that Tribunal, from amongst the members thereof:

Provided that the President of the Claims Tribunal, or any other member of such Tribunal authorised in this behalf by the President of that Tribunal, may, sitting singly, dispose of any claim which has been allotted to a Bench of which he is a member, where the amount of the claim does not exceed twenty-five thousand rupees.

Orders
of Claims
Tribunals.

26. (1) A Claims Tribunal may, after giving the parties to the application an opportunity of being heard, pass such orders thereon as it may think fit, confirming, modifying or annulling the decision or order against which such application has been made or may remand the case to the Corporation by which such decision or order was made, with such directions as the Claims Tribunal may think fit, for fresh adjudication or decision, as the case may be, of the claim, after taking additional evidence, if necessary, or may grant such relief as may be just and proper in the circumstances of the case.

(2) A Claims Tribunal shall send a copy of every order passed by it under sub-section (1), to the parties to the application.

(3) An order passed by the Claims Tribunal under sub-section (1) shall, subject to the decision of the Appellate Claims Tribunal, if any, be final.

Power of
Central
Govern-
ment to
constitute
an Appel-
late
Claims
Tribunal.

27. (1) The Central Government shall, as soon as may be after the appointed day, by notification constitute an Appellate Tribunal to be called the Appellate Claims Tribunal, consisting of as many judicial and technical members, not being less than three, as it may think fit, for deciding appeals preferred under section 28.

(2) A judicial member of an Appellate Claims Tribunal shall be a person who has, for not less than ten years, held a judicial office in the territory of India or is, or has been, a member of the Indian Legal Service, and is holding or has held, for not less than three years, a post not below a post in Grade I of that Service; and a technical member of an Appellate Claims Tribunal shall be a person who is or has been an officer of a rank not below that of a Joint Secretary to the Government of India, or of an equivalent rank under a State Government or an insurance corporation or the Board.

(3) The Central Government shall appoint one of the members of the Appellate Claims Tribunal to be the President thereof.

(4) The Central Government may appoint one or more members of the Appellate Claims Tribunal to be the Vice-President, or, as the case may be, Vice-Presidents, thereof.

(5) The Vice-President of the Appellate Claims Tribunal shall exercise such of the powers and perform such of the functions of the President of the Appellate Claims Tribunal as may be delegated to him by the President of that Tribunal by a general or special order in writing.

(6) Any vacancy in the membership of the Appellate Claims Tribunal shall be filled up by the Central Government as soon as practicable.

28. (1) Any person aggrieved by an order passed by a Claims Tribunal under sub-section (1) of section 26 may prefer an appeal to the Appellate Claims Tribunal against such order.

Appeals to
the
Appellate
Claims
Tribunal.

(2) Every memorandum of appeal to the Appellate Claims Tribunal shall be in such form, be verified in such manner and be accompanied by such fee, not exceeding five hundred rupees, as may be prescribed on a graded scale depending on the value of the claim.

(3) Every appeal under this section shall be filed within sixty days from the date on which the order sought to be appealed against was communicated to the appellant:

Provided that the Appellate Claims Tribunal may admit an appeal after the expiry of the aforesaid period of sixty days if it is satisfied that the appellant was prevented by sufficient cause from preferring the appeal within the said period.

29. (1) The Appellate Claims Tribunal may, after giving the parties to the appeal a reasonable opportunity of being heard, pass such orders thereon as it may think fit, confirming, modifying or annulling the order appealed against or may remand the case to the Claims Tribunal which had passed such order, with such directions to the Claims Tribunal as the Appellate Claims Tribunal may think fit, for fresh adjudication of the claim after taking additional evidence if necessary.

Order of
the
Appellate
Claims
Tribunal.

(2) The Appellate Claims Tribunal shall send a copy of every order passed by it under sub-section (1), to the parties to the appeal.

(3) Every order passed under sub-section (1), other than an order remanding the case to the Claims Tribunal, shall be final and shall not be called in question in any court except by way of a petition under article 32, or article 136, or article 226, of the Constitution.

30. (1) The powers and functions of the Appellate Claims Tribunal may be exercised and discharged by Benches constituted by the President of the Appellate Claims Tribunal from amongst the members thereof:

Benches
of the
Appellate
Claims
Tribunal.

Provided that the President of the Appellate Claims Tribunal, or any other member of such Tribunal authorised in this behalf by the President of that Tribunal, may, sitting singly, dispose of any appeal which has been allotted to a Bench of which he is a member, where the claim involved in such appeal does not exceed fifty thousand rupees.

(2) Subject to the provisions of subsection (1), and sub-section (3), a Bench shall consist of not less than one judicial member and not less than one technical member.

(3) Where, before or after the hearing of an appeal, a Bench whether consisting of a single member or more than one member, is satisfied that such appeal involves—

(a) a substantial question of law of general importance, or

(b) a question which is likely to affect the interests of any Corporation or the dissolved Corporation or the policy-holders generally,

it may either of its own motion or on the application of any of the parties, draw up a statement of the facts of the case and the point which, in its opinion, involves any such question and refer such appeal, together with such statement, to the President of the Appellate Claims Tribunal with a request to him to constitute a Special Bench for hearing the appeal, and on receipt of such reference, the President of the Appellate Claims Tribunal shall constitute a Special Bench, which shall consist of not less than three members, of whom not less than one shall be a judicial member and not less than one shall be a technical member.

(4) The Special Bench, after hearing the parties if they appear and desire to be heard, shall decide the appeal so referred to it, and shall transmit a copy of its order to the Bench by which the reference was made to it.

(5) The costs (if any) consequent on a reference for the decision of the Special Bench shall be the costs in the case.

Power
of Cen-
tral Gov-
ernment
to consti-
tute
Service
Matters
Tribunals.

31. (1) The Central Government shall, as soon as may be after the appointed day, by notification, constitute as many Service Matters Tribunals as it may deem necessary for dealing with the applications made under section 32 for the redressal of the grievances relating to service matters.

(2) A Service Matters Tribunal may consist of one member, or where the Central Government is of opinion that such Tribunal shall consist of more than one member, such number of members, not being less than three, as the Central Government may think fit to appoint.

(3) Where a Service Matters Tribunal consists of one member, that member shall be a person who is holding or has held, for not less than seven years, a judicial office in the territory of India or is, or has been, a member of the Indian Legal Service, and is holding, or has held, a post not below a post in Grade II of that Service, and where the Service Matters Tribunal consists of more than one member, not less than one of the members of such Tribunal shall be a person who is qualified as aforesaid and the remaining member or members shall be appointed from amongst officers who have had experience in dealing with service matters, being officers of a rank not below that of a Director to the Government of India or of an equivalent rank under a State Government or an insurance corporation or the Board.

(4) Where the number of members of a Service Matters Tribunal is more than one, the Central Government shall appoint one of those members to be the President of that Tribunal, who shall preside over the meetings of that Tribunal, and in the absence of the President, the seniormost member of that Tribunal shall preside over its meetings.

(5) The Central Government shall, from time to time, define, by notification, the territorial limits within which a Service Matters Tribunal shall exercise its jurisdiction, and where two or more Service Matters Tribunals have jurisdiction over the same territorial limits, the Central Government shall also provide, by notification, the distribution or allocation of work to be done by each of them

(6) Any vacancy in the membership of a Service Matters Tribunal shall be filled up by the Central Government as soon as practicable.

32. (1) In this section,—

(a) “service matter”, in relation to an employee of a Corporation or of the Board, means any matter arising out of the terms and conditions of his service;

(b) “grievance with respect to a service matter”, in relation to an employee of a Corporation or of the Board, means a grievance of such employee to the effect that he has not been dealt with in regard to that service matter in conformity with the terms and conditions of his service;

(c) “terms and conditions of service”, in relation to an employee of a Corporation or of the Board, means the terms and conditions of service, specified by any rule, regulation or order made under this Act, for the time being in force, and applicable to him.

Redressal
of the
grievance
with res-
pect to
service
matters.

(2) An employee of a Corporation or of the Board, aggrieved by—

(a) any decision or order of a Corporation or the Board rejecting his application or representation for the redressal of his grievance with respect to any service matter, or

(b) the omission or failure of a Corporation or the Board to give its decision in relation to any application or representation made by him for the redressal of his grievance with respect to any service matter,

may make an application to the Service Matters Tribunal, having jurisdiction, for the redressal of his grievance with respect to that service matter:

Provided that no application for the redressal of any grievance with respect to a service matter shall be entertained by the Service Matters Tribunal until the applicant has exhausted all the remedies available to him under the rules, regulations or orders relating to the terms and conditions of his service, for the time being in force, for the redressal of such grievance:

Provided further that the Service Matters Tribunal may, if it is satisfied that the applicant was prevented by sufficient cause from exhausting all the remedies available to him under such rules, regulations or orders, entertain the application for the redressal of such grievance even though the applicant had not exhausted all such remedies,

(3) An application, under sub-section (2), for the redressal of the grievance of an employee of a Corporation or of the Board with respect to a service matter shall be made,—

(a) in the case of a decision or order referred to in clause (a) of that sub-section, within a period of ninety days from the date on which the decision of the Corporation or Board rejecting his application or representation, as the case may be, was communicated to the applicant,

(b) in the case of any omission or failure referred to in clause (b) of that sub-section, within a period of ninety days, computed from the date of expiry of the period of six months from the date on which the application or representation was submitted by him to the Corporation or the Board, as the case may be, for the redressal of his grievance:

Provided that the Service Matters Tribunal may admit any such application after the expiry of the said period of ninety days, if it is satisfied that the applicant was prevented by sufficient cause from making the application within the said period:

Provided further that where a person who had, before the appointed day, filed with the dissolved Corporation, any application for the redressal of a grievance with respect to a service matter, and the dissolved Corporation had not communicated to such person its decision on such application for a period of not less than six months from the date on which the application was filed by him, such person may, within ninety days from the appointed day, make an application under this sub-section to the Service Matters Tribunal having jurisdiction for the redressal of his grievance.

(4) An application under sub-section (2) shall be made in such form be verified in such manner and shall be accompanied by such fee, not exceeding one hundred rupees, as may be prescribed on a graded scale depending on the nature of the grievance.

(5) Nothing contained in this section shall empower any person to make any application under sub-section (2)—

(a) if on the date on which the application is made, the institution or commencement of any suit or other legal proceeding relating to the service matter is barred by any law of limitation for the time being in force; or

(b) if any suit or other legal proceeding had been instituted or commenced in any court, whether before or after the appointed day, with respect to any service matter, unless such suit or other legal proceeding is withdrawn before the expiry of the period of limitation as aforesaid.

**Benches
of Service
Matters
Tribunal.**

33. The powers and functions of a Service Matters Tribunal may be exercised and discharged by Benches constituted by the President of that Tribunal from amongst the members of such Tribunal:

Provided that the President of the Service Matters Tribunal, or any other member of such Tribunal authorised in this behalf by the President of that Tribunal, may, sitting singly, dispose of any application which has been allotted to a Bench of which he is a member, if the subject-matter of such application does not relate to reduction in rank, suspension, removal or dismissal from service.

34. (1) A Service Matters Tribunal may, after giving the parties to the application a reasonable opportunity of being heard, pass such orders thereon as it thinks fit, confirming, modifying or annulling the decision or order against which such application has been made or may remand the case to the Corporation or the Board which passed such decision or order with such direction as that Tribunal may think fit, for fresh adjudication or decision, as the case may be, after taking additional evidence, if necessary, or may by order grant such relief as may be just and proper in the circumstances of the case.

Orders of
Service
Matters
Tribunals.

(2) A Service Matters Tribunal shall send a copy of every order passed by it under sub-section (1), to the parties to the application.

(3) Every order passed under this section by a Service Matters Tribunal shall be final and shall not be called in question in any court except by way of a petition under article 32, or article 136, or article 226, of the Constitution.

CHAPTER VII

PROVISIONS APPLICABLE TO ALL TRIBUNALS

5 of 1908. 35. (1) For the purposes of discharging its functions, every Tribunal constituted under this Act (whether it is a Claims Tribunal or the Appellate Claims Tribunal or a Service Matters Tribunal) shall have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908, while trying a suit, in respect of the following matters, namely:—

Powers of
Tribunals
to enforce
attendance
of witnesses
and to regu-
late their
own proce-
dure.

(a) summoning and enforcing the attendance of any witness and examining him on oath;

(b) discovery and inspection of any document or other material object producible as evidence;

(c) compelling the production of books of accounts and other documents;

(d) reception of evidence on affidavits; and

(e) issuing of any commission for the examination of any witness.

(2) Subject to the provisions of this Act and the rules made thereunder, every Tribunal referred to in sub-section (1), shall have power to regulate its own procedure and the procedure of the Benches thereof in all matters arising out of the exercise of its powers or of the discharge of its functions, including the places at which it or its Benches shall hold its, or their, sittings.

45 of 1860.
2 of 1974. 36. Every proceeding before a Tribunal constituted under this Act, (whether it is a Claims Tribunal or the Appellate Claims Tribunal or a Service Matters Tribunal), shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228, and for the purposes of section 196, of the Indian Penal Code; and every such Tribunal shall be deemed to be a civil court for the purposes of section 195 and Chapter XXVI of the Code of Criminal Procedure, 1973.

Proceedings
before
Tribunals
to be judi-
cial pro-
ceedings
for certain
purposes.

Procedure where the members of a Tribunal differ in their opinion.

37. Where a claim or an appeal or an application relating to a grievance with respect to a service matter has been heard by a Claims Tribunal, or the Appellate Claims Tribunal, or a Service Matters Tribunal, as the case may be, or any Bench thereof, consisting of more than one member and the members differ in their opinion on any point, the decision on such point shall, where there is a majority, be according to the opinion of such majority, and where there is no majority and the members are equally divided in their opinion, they shall draw up a statement of the facts of the case and the point or points on which they differ in their opinion and make a reference of the claim or of the appeal or of the application relating to the service matter, as the case may be, to the President of such Tribunal, and on receipt of such reference, the President of the concerned Tribunal shall arrange for the hearing of such point or points by one or more of the other members of that Tribunal, and such point or points, or the appeal, shall be decided according to the opinion of the majority of the members of the concerned Tribunal who have heard the claim or appeal, or, as the case may be, relating to the grievance with respect to the service matter, including those who had first heard it.

Method of determination of equivalent rank.

38. In determining, for the purposes of sections 22, 27 and 31, whether an officer of a State Government or of an insurance corporation or of the Board holds any rank equivalent to that of a Joint Secretary or Director to the Government of India, regard shall be had to the scale of pay of the post held by that officer under the State Government or the insurance corporation or the Board, as the case may be.

Costs.

39. (1) Subject to such conditions and limitations as may be prescribed, the costs of and incidental to all claims, appeals or applications, filed under this Act shall be in the discretion of the Tribunal (whether it is a Claims Tribunal or the Appellate Claims Tribunal or a Service matters Tribunal), in which claim, appeal or application is filed and the Tribunal shall have full power to determine by whom and to what extent such costs are to be paid, and to give all necessary directions for the purposes aforesaid, and the fact that the Tribunal has no jurisdiction to deal with the claim or application or hear the appeal shall be no bar to the exercise of such powers.

(2) Where any such Tribunal directs that any costs shall not follow the event, the Tribunal shall state its reasons in writing.

CHAPTER VIII

FINANCE, ACCOUNTS AND AUDIT

Funds of Corporations.

40. Every Corporation shall have its own Fund and all its receipts shall be credited thereto and all payments of the Corporation shall be made therefrom.

Audit

41. (1) The accounts of every Corporation and the accounts of the Board shall be audited by auditors duly qualified to act as auditors of companies under the law for the time being in force relating to companies, and the auditors shall be appointed by the Corporation whose accounts are to be so audited, or the Board, as the case may be, with the previous approval of the Central Government, and shall receive such remuneration from the concerned Corporation, or the Board, as the Central Government may fix.

(2) Every auditor in the performance of his duties shall have at all reasonable times access to the books, accounts and other documents of the concerned Corporation or, as the case may be, of the Board.

(3) The auditors shall submit their report to the Corporation or, as the case may be, to the Board, by which they were appointed, and shall also forward a copy of their report to the Central Government.

42. Every Corporation shall, once at least in every two years, cause an investigation to be made by actuaries into the financial condition of the life insurance business of the Corporation, including a valuation of the liabilities of the Corporation in respect thereto, and submit the report of the actuaries to the Central Government.

Actuarial
valuations.

43. (1) Every Corporation and the Board shall, as soon as may be, after the end of each financial year, prepare and submit to the Central Government in such form as may be prescribed a report giving an account of its activities during the previous financial year and shall also give an account of the activities, if any, which are likely to be undertaken by it in the next financial year.

Annual
report of
activities
of Corpora-
tion and
the Board.

(2) Every Corporation and the Board shall, in relation to its functions under this Act, furnish to the Central Government such reports, returns, statistics, accounts and other information as the Central Government may, from time to time, require.

44. If as a result of any investigation undertaken by a Corporation under section 42, any surplus emerges, ninety-five per cent. of such surplus or such higher percentage thereof as the Central Government may approve, shall be allocated to or reserved for the life insurance policyholders of the Corporation and, after meeting the liabilities of the Corporation, if any, the remainder shall be paid to the Central Government or, if that Government so directs, be utilised for such purposes and in such manner as that Government may determine.

Surplus
from life-
insurance
business
how to be
utilised.

45. If, for any financial year, profits accrue from any business (other than life insurance business) carried on by a Corporation, then, after making provision for reserves and other matters for which provision is necessary or expedient, the balance of such profits shall be paid to the Central Government.

Profit from
any business
(other than
life

46. The Central Government shall cause the report of the auditors under section 41, the report of the actuaries under section 42 and the report under section 43 giving an account of the activities of every Corporation and of the Board to be laid before both Houses of Parliament as soon as may be after each such report is received by the Central Government.

insurance
business)
how to be
utilised

Reports to
be laid
before
Parliament.

CHAPTER IX

MISCELLANEOUS

47. Except as otherwise expressly provided in this Act, on and from the appointed day, no person, other than a Corporation, shall carry on life insurance business in India.

Corpora-
tions to
have
exclusive
privilege
of carrying
on life
insurance
business.

Exceptions
in the case
of life
insurance
business in
respect of
persons
ordinarily
residing
outside
India.

48. (1) Notwithstanding anything contained in section 47 or in the Insurance Act, the Central Government may, by order, permit any person who has made an application in that behalf, to carry on life insurance business in India in respect of the lives of persons ordinarily resident outside India, subject to such restrictions and conditions as may be specified in the order and any such order shall be deemed to have effect as if it were a certificate of registration issued by the Controller to such person under section 3 of the Insurance Act in respect of that class of business.

(2) Nothing in sub-section (1) shall authorise any person who is permitted to carry on life insurance business of the nature referred to in that sub-section, to insure the life of any person ordinarily resident outside India, during any period of his temporary residence in India.

Powers of
Corpora-
tions to
have
official
seals in
certain
cases.

49. Every Corporation may have for use in any Divisional Office, Branch Office or other office or in any office outside India, an official seal which shall be a facsimile of the common seal of the Corporation, with the addition on its face of the name of the Divisional Office, Branch Office or other office or any office outside India, where it is to be used, and any such official seal may be affixed to any deed or document to which the Corporation is a party.

Policies of
life insurance
to be
guaranteed
by Central
Govern-
ment.

50. The sums assured by all policies of life insurance issued by, or transferred to or vested in, a Corporation including any bonuses declared in respect thereof, whether before or after the appointed day, shall be guaranteed as to payment in cash by the Central Government.

Liquida-
tion.

51. No provision of law relating to the winding up of companies or corporations shall apply to a Corporation established under this Act, and such Corporation shall not be placed in liquidation save by order of the Central Government and in such manner as that Government may direct.

Penalty
for
carrying
on life
insurance
business
in con-
travention
of the
provisions
of this Act.

52. If any person carries on life insurance business in India in contravention of the provisions of this Act, he shall be punishable with imprisonment for a term which may extend to three years, or with fine which may extend to ten thousand rupees, or with both, and where such contravention is a continuing one, with further fine which shall not be less than one thousand rupees, for every day, after the first, during which such contravention continues.

Penalty
for
withhold-
ing
property,
etc.

53. If any person wilfully withholds or fails to deliver to a Corporation as required by the provisions of the First Schedule, any property or any books, documents or other papers which may be in his possession or unlawfully retains possession of any property which has been transferred to and vested in any Corporation under this Act or wilfully applies any such property to purposes other than those expressed in or authorised by this Act, he shall, on the complaint of the Corporation, be punishable with imprisonment for a term which may extend to one year, or with fine, or with both.

Offences
by
companies.

54. (1) Where an offence under this Act has been committed by a company, every person who, at the time the offence was committed, was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed

to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment provided in this Act, if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (1), where any offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Explanation.—For the purposes of this section,—

(a) “company” means any body corporate and includes a firm or other association of individuals; and

(b) “director”, in relation to a firm, means a partner in the firm.

55. No civil court shall have jurisdiction to entertain any suit or other legal proceeding or to adjudicate upon any matter which a Service Matters Tribunal is empowered by this Act to adjudicate upon.

Bar of jurisdiction of civil courts.

56. Any decision given or order passed or made (including any order for costs made under section 39), by a Claims Tribunal, or the Appellate Claims Tribunal, or a Service Matters Tribunal may be enforced in the same manner and to the same extent by any civil court within the local limits of whose jurisdiction,—

Enforcement of decisions and orders of Tribunals

(a) the Head Office of the Corporation against which such decision or order is to be enforced, is located, or, where such decision or order is to be enforced in relation to any claim arising within the area for which there is a Branch Office or other office of the concerned Corporation, such Branch Office or other office is located; or

(b) the office of the Board against which such decision or order is to be enforced, is located; or

(c) the place at which the person against whom such decision or order is to be enforced, actually and voluntarily resides or carries on business or personally works for gain, or owns any property,

as if it were a decree passed, or order made, by such court.

57. (1) Save as otherwise provided elsewhere in this Act, the following sections of the Insurance Act shall, so far as may be, apply to every Corporation as they apply to any other insurer, namely:—

Application of the Insurance Act.

Sections 2, 2B, 18, 26, 33, 38, 39, 41, 45, 46, 50, 52, 110A, 110B, 110C and 119.

(2) The Central Government shall, as soon as may be after the appointed day, by notification, direct that the following sections of the

Insurance Act shall apply to every Corporation subject to such conditions and modifications as may be specified in the notification, namely:—

Sections 2D, 10, 11, 13, 14, 15, 20, 21, 22, 23, 25, 27A, 28A, 40, 40A, 40B, 43, 44, 51, 102 to 106, 107 to 110, 111, 113, 114 and 116A.

(3) Section 42 of the Insurance Act shall have effect in relation to the issue to any individual of a licence to act as an insurance agent for the purpose of soliciting or procuring life insurance business for a Corporation subject to the condition that the powers exercisable by the Controller under sub-section (1) thereof may also be exercised on behalf of the Controller, by every Corporation.

(4) The Central Government may, by notification, direct that all or any of the provisions of the Insurance Act other than those specified in sub-section (1), or sub-section (2), shall apply to every Corporation subject to such conditions and modifications as may be specified in the notification.

(5) Save as otherwise provided in this Act, nothing contained in the Insurance Act shall apply to a Corporation.

Deductions
of
income-tax
not to be
made on
interest or
dividend.

58. Notwithstanding anything contained in section 193 or section 194 of the Income-tax Act, 1961, no deduction of income-tax shall be made on any interest or dividend payable to a Corporation in respect of any securities or shares owned by it or in which it has full beneficial interest.

43 of 1961

Act not to
apply in
certain
cases.

59. Nothing contained in this Act shall apply in relation to—

(a) the scheme, run by the Central Government, known as the Post Office Insurance Fund;

(b) any insurer to whom the Insurance Act does not apply by reason of the provisions contained in section 2E thereof;

(c) any approved superannuation fund as defined in clause (a) of section 58N of the Indian Income-tax Act, 1922, being a fund in existence on the date (hereinafter referred to as the specified date) on which the dissolved Corporation was established;

11 of 1922

(d) any scheme in existence on the specified date or any scheme framed after the specified date with the approval of the Central Government, as the case may be, whereby, in consideration of certain compulsory deductions made by Government from the salaries of its employees as part of the conditions of service, the payment of money is assured by Government on the death of the employee concerned or on the happening of any contingency dependent on his life;

(e) any Family Pension Scheme framed under the Coal Mines Provident Fund, Family Pension and Bonus Schemes Act, 1948, or the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, for the purpose of providing family pension and life assurance benefits to the employees covered by the said Scheme;

46 of 1948

19 of 1952

(f) any scheme of small savings run by the Central Government whereunder payment is assured by that Government on the death of the person subscribing to the scheme or on the happening of any contingency as the Central Government may, by notification, specify in this behalf,

60. No act or proceeding of a Corporation or of the Board or of any Committee of any Corporation or of the Board or of a Claims Tribunal, the Appellate Claims Tribunal, or a Service Matters Tribunal, shall be invalid or called in question merely by reason of the existence of any vacancy therein or any defect in the constitution thereof.

Defects in constitution of a Corporation or the Board or of any tribunal not to invalidate acts or proceedings.

61. No suit, prosecution or other legal proceeding shall lie against any member, Executive Director, or employee of a Corporation or of the Board for anything which is in good faith done or intended to be done under this Act.

Protection of action taken under the Act.

62. Every employee of a Corporation or of the Board or of a Claims Tribunal or the Appellate Claims Tribunal or a Service Matters Tribunal shall be deemed to be a public servant for the purposes of Chapter IX of the Indian Penal Code.

Employees to be deemed to be public servants.

43 of 1860.

63. (1) No person who is, on or after the appointed day,—

(a) an employee of the Government; or

(b) a holder of the office of Chairman or Director or of any other office in, or an employee of, a statutory corporation or a Government company; or

(c) the spouse of an employee referred to in clause (a) or clause (b), or, as the case may be, of the holder of an office referred to in clause (b),

Disqualification for appointment as insurance agent.

shall be eligible for the issue of, or shall accept, any licence to act as an insurance agent, and any such licence, if issued, shall be void.

(2) The licence issued, after the appointed day, to a person to act as an insurance agent shall become void upon such person becoming, after the issue of such licence,—

(i) an employee of the nature referred to in clause (a) or clause (b) of sub-section (1), or

(ii) the holder of an office of the nature referred to in clause (b) of that sub-section:

Provided that the licence to act as an insurance agent issued to a person who becomes, after such issue, the spouse of such employee or of the holder of such office shall become void on the expiry of three months from the date on which such person becomes the spouse of such employee or the holder of such office.

(3) Every insurance agent who immediately before the appointed day was, and continues to be on the expiry of three months from that day, an employee of the nature referred to in clause (a) or clause (b) of sub-section (1), or the holder of an office of the nature referred to in clause (b) of that sub-section, or the spouse of any such employee or of the holder of any such office shall, on the expiry of three months from the appointed day, cease to be an insurance agent.

Explanation.—For the purposes of this section,—

(i) “employee of a statutory corporation” includes any person employed for any of the purposes of the Act by or under which such corporation is established or constituted;

(ii) "Government company" means a Government company within the meaning of section 617 of the Companies Act, 1956;

1 of 1956

(iii) "statutory corporation" means a corporation established or constituted by or under a Central, Provincial or State Act.

Employees
not to take
active part
in
politics.

64. (1) No person who is—

(a) an employee of a Corporation or of the Board or of a Claims Tribunal or the Appellate Claims Tribunal or a Service Matters Tribunal; or

(b) a member of a Corporation or of the Board; or

(c) a member of a Claims Tribunal or the Appellate Claims Tribunal or a Service Matters Tribunal,

shall be a member of, or be otherwise associated with, any political party or any organisation which takes part in politics nor shall he take part in, subscribe in aid of, or assist in any manner, any political movement or activity.

(2) If any question arises whether a party is a political party or whether any organisation takes part in politics or whether any movement or activity falls within the scope of sub-section (1), the decision of the Central Government thereon shall be final.

(3) No such person as is referred to in sub-section (1) shall canvass or otherwise interfere with or use his influence in connection with, or take part in, an election to any Legislature or local authority:

Provided that—

(i) such person qualified to vote at such election may exercise his right to vote, but where he does so, he shall give no indication of the manner in which he proposes to vote or has voted;

(ii) such person shall not be deemed to have contravened the provisions of this section by reason only that he assists in the conduct of an election in the due performance of a duty imposed on him by or under any law for the time being in force.

(4) The provisions of sub-sections (1), (2) and (3) shall be deemed to form a part of the conditions of service of the persons specified in clause (a), clause (b) and clause (c) of sub-section (1) and any contravention by any such person of any provision of sub-section (1), or, as the case may be, sub-section (3), shall be deemed to be a breach of the terms and conditions of such service and shall be dealt with accordingly.

Explanation I.—The display by such person on his person, vehicle or residence, of any electoral symbol shall amount to using his influence in connection with an election within the meaning of this section.

Explanation II.—For the purposes of this section, "Legislature" means—

(i) either House of Parliament,

(ii) the Legislative Assembly of a State, or in the case of a State having a Legislative Council, either House of the Legislature of that State,

20 of 1963. (iii) Legislative Assembly of a Union territory constituted under the Government of Union Territories Act, 1963,

19 of 1966. (iv) the Metropolitan Council of Delhi constituted under section 3 of the Delhi Administration Act, 1966, or

(v) District Councils and Regional Councils in the States of Assam and Meghalaya and in the Union territory of Mizoram as provided in the Sixth Schedule to the Constitution,

as the case may be.

65. (1) The Central Government may, by notification, make rules to carry out the provisions of this Act.

Power to
make
rules.

(2) In particular, and without prejudice to the generality of the foregoing powers, such rules may provide for all or any of the following matters, namely:—

(a) the term of office of the Chairman and other members of a Corporation, as required by sub-section (1) of section 7, and the salaries and allowances which the Chairman of a Corporation shall be entitled to receive and the conditions of his service in respect of leave, pension, provident fund and other matters and the allowances which the other members of a Corporation shall be entitled to receive, as required by sub-section (4) of section 7;

(b) the matters specified under sub-section (1) of section 9 subject to which each Corporation shall carry on life insurance business and the conditions subject to which investment of its funds shall be made by a Corporation, as required by clause (b) of sub-section (2) of section 9;

(c) the fees and allowances to be paid to the members of a Committee constituted under sub-section (4) of section 13 for attending its meetings or for any other work;

(d) the appointment of Secretary and other officers and employees, by a Corporation to enable it to discharge its functions, as required by sub-section (3) of section 14 and the terms and conditions of service of the Executive Directors, Secretary and other officers and employees of a Corporation, as required by sub-section (4) of section 14;

(e) the term of office of a member of the Board, and the salaries and allowances which a whole-time member of the Board shall be entitled to receive and the conditions of his service, as required by sub-sections (1) and (5) of section 16;

(f) the fees and allowances to be paid to members of Committees (other than the members of a Corporation or of the Board) for attending meetings and for attending to other work, as required by sub-section (2) of section 17;

(g) the times and places at which the Board shall meet and the procedure in regard to the transaction of business at its meetings

which shall be observed by the Board, as required by sub-section (1) of section 18;

(h) the terms and conditions of service of Secretary and other officers and employees of the Board, as required by sub-section (2) of section 19;

(i) the manner in which the Board shall review the functioning of a Corporation and the service which the Board shall render to a Corporation, as required by sub-section (1) of section 20;

(j) the functions, other than those specified in sub-section (2) of section 20, which may be performed by the Board, as required by sub-section (2) of section 20;

(k) the matters subject to which payment of an amount determined by the Central Government shall be made by a Corporation to the Board, as required by sub-section (1) of section 21;

(l) the form in which an application under sub-section (1) of section 24 shall be made to the Claims Tribunal and the manner in which such application shall be verified and the fee which shall accompany such application, as required by sub-section (2) of section 24;

(m) the form in which an appeal shall be filed to the Appellate Claims Tribunal, the manner in which the memorandum of such appeal shall be verified and the fee which shall accompany such memorandum of appeal, as required by sub-section (2) of section 28;

(n) the form in which an application shall be made to the Service Matters Tribunal, the manner in which such application shall be verified and the fee which shall accompany such application, as required by sub-section (4) of section 32;

(o) the matters subject to which every Tribunal shall have power to regulate its own procedure and the procedure of the Benches thereof, including the places at which it or its Benches shall hold its, or their, sittings, as required by sub-section (2) of section 35;

(p) the conditions and limitations subject to which costs may be awarded by any Tribunal, as required by sub-section (1) of section 39;

(q) the form in which a report giving an account of its activities during the previous financial year shall be submitted by a Corporation and the Board, as required by sub-section (1) of section 43;

(r) the terms and conditions of work of the insurance agents of a Corporation including those who become insurance agents of a Corporation on the appointed day, as required by sub-section (3) of section 57 of this Act, read with section 42 of the Insurance Act;

(s) such other matters as are required to be, or may be, prescribed.

(3) The power to make rules conferred by sub-section (2) shall include power—

(i) to give retrospective effect to the terms and conditions of service of the employees or the terms and conditions of work of insurance agents under such rules;

(ii) to amend by way of addition, variation or repeal such terms and conditions of service or work with retrospective effect,

from a date not earlier than the appointed day.

66. (1) Every Corporation may, with the previous approval of the Central Government, by notification, make regulations, not inconsistent with the provisions of this Act and the rules made thereunder, to provide for all matters for which provision is expedient for the purpose of giving effect to the provisions of this Act.

Power to
make
regulations

(2) In particular, and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters, namely:—

(a) the powers and functions of a Corporation which may be delegated to the officers in charge of its Divisional Offices and Branch Offices;

(b) the method of recruitment of employees and insurance agents of a Corporation;

(c) the manner in which the Fund of a Corporation shall be maintained;

(d) the maintenance of separate funds and accounts at each of the Divisional Offices and Branch Offices of a Corporation;

(e) the jurisdiction of each Divisional Office and Branch Office of a Corporation;

(f) the conduct of business at meetings of a Corporation;

(g) the formation of Committees of a Corporation and the delegation of powers and functions of the Corporation to such Committees, and the conduct of business at meetings of such Committees;

(h) the form and manner in which policies of life insurance may be issued and contracts binding on a Corporation may be executed;

(i) the classification of policies of life insurance, whether issued by a Corporation or transferred to a Corporation from the dissolved Corporation, for the purpose of declaring differential bonuses, wherever necessary;

(j) the manner in which and the intervals within which the accounts of various Divisional Offices and Branch Offices of a Corporation may be inspected and their accounts audited;

(k) the conditions subject to which any payment may be made by a Corporation.

(3) The power conferred by this Act to make rules in relation to the matters in respect of which regulations could be made under the Life Insurance Act shall be deemed, for the purposes of this Act, to carry with it the powers to amend, with retrospective effect from a day not earlier than the appointed day, the regulations, if any, made under the Life Insurance Act and in force immediately before the appointed day, and such regulations, as so amended, shall have effect accordingly.

Notifica-
tions,
rules and
regulations
to be laid
before
parliament.

67. Every notification made under sub-section (2), or sub-section (4), of section 57, every rule made under section 65, and every regulation made under section 66, shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the notification, rule or regulation or both Houses agree that the notification, rule or regulation should not be made, the notification, rule or regulation shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that notification, rule or regulation.

Act to over-
ride all other
enactments,
etc.

68. The provisions of this Act and the rules made thereunder shall have effect notwithstanding anything contained in the Industrial Disputes Act, 1947 or in any other enactment (other than this Act) for the time being in force, or any judgment, decree or order of any court, tribunal or other authority or any agreement, settlement, award or other instrument for the time being in force.

14 of 1947.

Power to
remove
difficulties.

69. (1) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order, not inconsistent with the provisions of this Act, remove the difficulty:

Provided that no such order shall be made after the expiry of a period of two years from the appointed day.

(2) Every order made under this section shall be laid, as soon as may be after it is made, before each House of Parliament.

Savings

70. Notwithstanding the repeal of the Life Insurance Act, by sub-section (1) of section 3,—

(a) anything done or any action taken under the Act so repealed;

(b) any sums due to, or payable by, the dissolved Corporation, immediately before the appointed day;

(c) any contract or agreement entered into, or arrangement made, by the dissolved Corporation, and in force immediately before the appointed day;

(d) any rules made under the Life Insurance Act, and in force immediately before the appointed day;

(e) any regulations or any other provisions with respect to the terms and conditions of service of employees and the terms and conditions of work of insurance agents of the dissolved Corporation, as in force immediately before the appointed day;

(f) any other regulations, as in force immediately before the appointed day,

shall, in so far as they are relatable to a zonal office of the dissolved Corporation, and the officers, employees and agents in, or attached to such office, be deemed, without prejudice to the provisions of the First Schedule, to have been done or taken, or, as the case may be, due to, or payable by, or entered into, or made by, the corresponding Corporation, and every such rule, regulation, contract, agreement or arrangement shall, until it is duly altered under this Act, have effect notwithstanding any judgment, decree or order of any court or tribunal and notwithstand-

14 of 1947.

ing anything contained in the Industrial Disputes Act, 1947 or any other law or any agreement, settlement, award or other instrument for the time being in force.

Explanation.—For the purposes of this Act, unless the context otherwise requires, “corresponding Corporation”, in relation to a zonal office of the dissolved Corporation, means the Corporation which has its Head Office at the place at which that zonal office was located immediately before the appointed day.

THE FIRST SCHEDULE

(See section 3)

TRANSFER OF THE CAPITAL, THE OFFICERS AND OTHER EMPLOYEES, AND THE ASSETS AND LIABILITIES, OF THE DISSOLVED CORPORATION AND OTHER MATTERS

1. In this Schedule, unless the context otherwise requires,—

Definitions.

(a) “corresponding Corporation” has the meaning assigned to it in the *Explanation* to section 70;

(b) “paragraph” means a paragraph of this Schedule;

(c) “sub-paragraph” means a sub-paragraph of a paragraph;

(d) “zonal office” means a zonal office established under subsection (2) of section 18 of the Life Insurance Act and includes divisional offices, branches and other offices in each zone.

2. Out of the capital of rupees five crores provided by the Central Government to the dissolved Corporation, there shall stand transferred, on the appointed day, to each of the Corporations, a sum of rupees one crore.

Capital provided by Central Government to the dissolved Corporation to be transferred to the Corporations.

3. (1) Subject to the other provisions of this Schedule, every officer or other employee of the dissolved Corporation,—

Allocation of officers and other employees of the dissolved Corporation.

(a) who was employed immediately before the appointed day in a zonal office, shall become on and from that day, an officer or other employee, as the case may be, of the corresponding Corporation;

(b) who was employed immediately before the appointed day, in any office, other than a zonal office, shall become, on and from the appointed day, an officer or other employee, as the case may be, of such Corporation, as the Central Government may, by general or special order published in the Official Gazette, specify, and until any order is made with respect to any such officer or other employee, he shall be deemed to have become, on and from the appointed day, an officer or other employee of the Board.

(2) An order under clause (b) of sub-paragraph (1) may be made

with retrospective effect from a date not earlier than the appointed day.

(3) In making an order under clause (b) of sub-paragraph (1) for the purpose of allocating any officer or employee to any one of the Corporations, regard shall be had to the need for the efficient discharge of its functions by such Corporation and the public interest and other relevant matters.

(4) Notwithstanding anything contained in the foregoing sub-paragraphs, it shall be open to any officer or other employee of the dissolved Corporation to opt in favour of not being an officer or other employee of the concerned Corporation by giving one month's notice of such option to such Corporation:

Provided that such notice shall be given,—

(a) before the expiry of three months from the appointed day, or

(b) where such officer or other employee is an officer or other employee referred to in clause (b) of sub-paragraph (1), within three months from the date on which an order, applicable to him, is made under that clause.

(5) The option exercised under sub-paragraph (4) by an officer or other employee shall take effect on the expiry of the period of notice of one month, but the taking effect of such option shall not prejudicially affect any disciplinary or other proceedings which may be pending against him on the date on which the notice was given, or which may be taken against such officer or other employee in respect of anything done or omitted to be done by him before his option had taken effect.

(6) An officer or other employee who exercises the option referred to in sub-paragraph (4), shall—

(a) be entitled to the payment of an amount equivalent to the salary and allowances which he would have drawn for a period of three months if he had continued in service for that period, from the date on which his option takes effect, but where he would have continued in service for a period of less than three months, such amount shall be equivalent to the salary and allowances which he would have drawn for the period for which he would have continued in service;

(b) be paid, by way of gratuity, an amount calculated in accordance with the rules which would have applied in his case if the Life Insurance Act had not been repealed and he had retired from service on the date on which his option took effect, and for this purpose the requirement as to the minimum period of service which should have been rendered for becoming entitled to gratuity under those rules shall not apply and such gratuity shall be payable on the basis of the basic pay drawn by him immediately before the day on which his option took effect;

(c) be entitled to such other terminal benefits, other than gratuity, as would have been payable to him if the Life Insurance Act had not been repealed and he had retired from service on the date on which his option took effect;

Provided that in the case of any officer or other employee against whom any disciplinary proceeding is pending immediately before the appointed day, or against whom a disciplinary proceeding may be taken thereafter, the payment of salary, allowances, gratuity or other terminal benefits under this paragraph shall be subject to the result of the said proceedings.

4. (1) On the appointed day, the rights and liabilities of the dissolved Corporation in respect of the policies of life insurance issued by it, and in force immediately before the appointed day, which were being serviced by a zonal office shall, subject to the other provisions of this Schedule, stand transferred to, and shall vest in, the corresponding Corporation.

Transfer of assets and liabilities of the dissolved Corporation.

(2) Save as otherwise provided in sub-paragraph (1), the assets and liabilities of the dissolved Corporation, as on the day immediately before the appointed day, shall be allocated amongst the corresponding Corporations in such manner and to such extent as the Central Government, having regard to the recommendation made by the Committee constituted under sub-paragraph (3), may, by order published in the Official Gazette, determine and such order may provide for the retransfer to a corresponding Corporation of any assets and liabilities which and been previously allocated to any other corresponding Corporation under any provisional order made under sub-paragraph (5).

(3) The Central Government shall constitute a Committee consisting of not less than three and not more than five persons who, in its opinion, have special expertise in the matter of evaluation and allocation of assets and liabilities of bodies corporate, for the purpose of evaluating and recommending the allocation of the assets and liabilities of the dissolved Corporation amongst the corresponding Corporations in accordance with the provisions of sub-paragraph (4).

(4) The Committee shall—

(a) determine the value of the assets of the dissolved Corporation; and in determining such value, the Committee shall have due regard to the net yield from loans and investments,

(b) determine, in accordance with the actuarial principles, the liabilities in respect of the life insurance policies, which, by virtue of this Act, stand transferred to, and vested in, each corresponding Corporation,

and on such determination, make a recommendation to the Central Government for the allocation, in an equitable manner, of such assets amongst the corresponding Corporations, having regard to the liabilities which, by virtue of this Act, stand transferred to, and vested in, each corresponding Corporation:

Provided that the allocation of the assets and liabilities of the dissolved Corporation amongst the corresponding Corporations shall be so made as to ensure that immovable properties are allocated, as far as practicable, on "as is where is" basis and such allocation shall be so made as to ensure that the deficiency, if any, in the value of any immovable property allocated to a corresponding Corporation is made good by the allocation to it of other assets of the dissolved Corporation.

(5) The Central Government may, if it considers necessary or expedient so to do for the efficient transaction of business of the corresponding Corporations, pending the making of an order under sub-paragraph (2), by a provisional order published in the Official Gazette, allocate amongst the corresponding Corporations the assets and liabilities of the dissolved Corporation referred to in sub-paragraph (2), and such provisional order shall cease to have effect on and from the date of publication in the Official Gazette of the order made under sub-paragraph (2), except as respects things done or omitted to be done under such provisional order.

(6) Any person aggrieved by the order made by the Central Government under sub-paragraph (2) may, within thirty days from the date on which the order is published in the Official Gazette, make a representation to the Central Government for the review of the order on any of the grounds specified in sub-rule (1) of rule 1 of Order XLVII of the First Schedule to the Code of Civil Procedure, 1908, and on receipt of such representation the Central Government shall, after giving the person making the representation an opportunity of being heard, dispose of the representation as expeditiously as possible, and where, on such review, the Central Government is of opinion that it is necessary so to do, it may modify the order made by it under sub-paragraph (2), and publish the order as so modified in the Official Gazette.

5 of 1908.

(7) All transactions and other acts which immediately before the appointed day could have been entered into or done by a zonal office in relation to any assets, liabilities, business or any other matter of, or pertaining to, the dissolved Corporation, may, on and from that day, be entered into or done in respect of such assets, liabilities, business or other matter by the corresponding Corporation as if such assets, liabilities, business or other matter were, by virtue of this sub-paragraph, the assets, liabilities, business or other matter of, or pertaining to, the corresponding Corporation.

(8) All agreements, arrangements, contracts and covenants entered into and in force immediately before the appointed day, by any office of the dissolved Corporation, other than a zonal office, and all transactions entered into, and in force, immediately before the appointed day pertaining to any office, other than the zonal office, and all assets, liabilities, business or any other matter of, or pertaining to, any office of the dissolved Corporation, other than a zonal office, shall be deemed, on and from the appointed day, to have been entered into or made by such corresponding Corporation and shall become, on and from that day, the assets, liabilities, business or any other matter, as the case may be, of such a corresponding Corporation, as the Central Government may, by order, direct.

(9) No suit, appeal, application, execution or other legal proceeding by, or against the dissolved Corporation which is pending immediately before the appointed day shall abate or be discontinued or be in any way prejudicially affected by reason of the transfer of the rights, assets and liabilities of the dissolved Corporation to the corresponding Corporation or of anything contained in this Act and every such suit, appeal, application, execution or other legal proceeding may be continued, prosecuted or enforced by or against the corresponding Corporation to which such rights, assets and liabilities have been transferred and vested in under this Act.

Explanation.—For the purposes of this sub-paragraph, “legal proceeding” includes any proceeding before an Arbitrator or before any tribunal constituted under the Life Insurance Act or any other law for the time being in force.

(10) The business of the dissolved Corporation outside India, immediately before the appointed day, and the assets, rights, liabilities and obligations of the dissolved Corporation in relation to such business and the officers, other employees and insurance agents, if any, employed by the dissolved Corporation in connection with such business, immediately before the appointed day, and all other matters relating to the said business shall, in relation to the Branch specified in column 1 of the Table below become the assets, rights, liabilities and obligations or business, or, as the case may be, officers, other employees and insurance agents of the Corporation specified against its name in the corresponding entry in column 2 of the said Table:

TABLE

1	2
1. London Branch	The Northern Life Insurance Corporation of India.
2. Mauritius Branch	The Western Life Insurance Corporation of India.
3. Fiji Branch	The Central Life Insurance Corporation of India.

(11) If, according to the laws of any country outside India, the provisions of this Schedule and of any scheme made thereunder are not effective to transfer to, and vest in, a Corporation specified in column 2 of the Table under sub-paragraph (10), any asset situated in that country or liability incurred therein which formed immediately before the appointed day, a part of the business of the dissolved Corporation, the affairs of the dissolved Corporation in relation to such asset or liability shall, on and from the appointed day, stand entrusted to such officer of such Corporation (being a Corporation mentioned in the said Table), as the Central Government may, by notification, appoint in this behalf, and the officer so appointed may exercise all powers and do all acts and things as may be required by the laws of such country for the purpose of effectively transferring or vesting such assets or liabilities in the Corporation of which he is an officer and may either himself or through any person authorised by him in this behalf realise such asset and discharge such liability for and on behalf of such Corporation.

5. (1) The rights and liabilities of the dissolved Corporation in respect of a policy of life insurance which stand transferred to, and vested in, under sub-paragraph (1) of paragraph 4 to a corresponding Corporation, shall be the rights and liabilities, respectively, of such corresponding Corporation and such corresponding Corporation shall exercise such rights, or, as the case may be, shall be liable in respect of such policy of life insurance to the same extent and in the same manner as the dissolved Corporation was entitled to exercise such rights, or, as the case may be, liable, and shall do all such acts and things in respect of such policy of life insurance as the dissolved Corporation would have been required to do in respect thereof if this Act had not been passed.

Effect of the transfer to the corresponding Corporation of policies of life insurance issued by the dissolved Corporation.

(2) Notwithstanding anything contained in sub-paragraph (1) of this paragraph, or in sub-paragraph (1) of paragraph 4, the corresponding Corporation to which the liability in respect of a policy of life in-

insurance stands transferred to, and vested in, under this Act, shall, if the holder of such policy of life insurance makes, within six months from the appointed day, an application to such Corporation for the transfer of the liability in respect of such policy of life insurance to any other Corporation established under this Act, transfer such liability to such other Corporation and such other Corporation shall be bound to accept such transfer:

Provided that the benefits admissible to an insurance agent in relation to the policy of life insurance so transferred, shall continue to be admissible to him and the corresponding Corporation to which the policy of life insurance is so transferred shall be liable to make such benefits available to that insurance agent.

(3) The option exercised by a policy-holder by making an application under sub-paragraph (2), shall be final.

Transfer of
insurance
agents of the
dissolved
Corporation.

6. (1) Subject to the other provisions of this paragraph, every person who immediately before the appointed day is an insurance agent of the dissolved Corporation shall, on and from the appointed day, become an insurance agent of the corresponding Corporation in relation to the zonal office in the branch whereof the records of his work as an insurance agent are maintained immediately before the said day, and shall continue to function as such insurance agent on the same terms and conditions as would have been applicable to him if this Act had not been passed and shall continue to do so unless and until his appointment as such insurance agent of such corresponding Corporation is terminated or until such terms and conditions of his work as an insurance agent are duly altered under this Act.

(2) The period of work rendered by an insurance agent in the dissolved Corporation shall be counted towards the period of his work in the corresponding Corporation of which he becomes an insurance agent under sub-paragraph (1) in the same manner as it would have been counted in the dissolved Corporation if this Act had not been passed.

(3) An insurance agent of the dissolved Corporation shall not be entitled to claim any compensation by reason of his becoming, by virtue of the provisions of sub-paragraph (1), an insurance agent of the corresponding Corporation or by reason of any alteration of his terms and conditions of work as provided in that sub-paragraph and no such claim shall be entertained by any court, tribunal or other authority.

THE SECOND SCHEDULE

(See section 9)

THE ZONES AND DIVISIONS WITHIN THE ZONES IN WHICH INTENSIVE DEVELOPMENT OF LIFE INSURANCE BUSINESS IS TO BE MADE BY THE CORPORATIONS

Name of the Corporation	Zone	Divisions within the Zone
I	II	III
1. The Central Life Insurance Corporation of India	Kanpur	Kanpur Lucknow Agra Meerut Indore Jabalpur Varanasi Raipur.

Name of the Corporation	Zone	Divisions within the Zone
I	II	III
2. The Eastern Life Insurance Corporation of India.	Calcutta	Calcutta Asansol Cuttack Gauhati Jalpaiguri Jamshedpur Mazaffarpur Patna Silchar.
3. The Northern Life Insurance Corporation of India.	Delhi	Delhi Ajmer Chandigarh Jullundur Jaipur.
4. The Southern Life Insurance Corporation of India.	Madras	Madras Bangalore Coimbatore Hyderabad Madurai Masulipatnam Trivandrum Udupi Thanjavur Dharwad Kozhikode Visakhapatnam Cuddapah.
5. The Western Life Insurance Corporation of India.	Bombay	Bombay Ahmedabad Nagpur Nasik Pune Rajkot Satara Surat

STATEMENT OF OBJECTS AND REASONS

The life insurance business in India was nationalised in 1956 to provide absolute security to the policy-holders and to spread insurance much more widely and in particular to the rural areas. Since nationalisation, the Life Insurance Corporation has a fairly impressive record of extending insurance services to the community. At the end of 1955 the individual assurance business in force was 48 lakh policies. It has now increased to well over 245 lakh policies at the end of March, 1983. Similarly, the sum assured has increased from Rs. 1,220 crores to Rs. 26,000 crores. Group insurance business which was negligible at the time of nationalisation has increased to provide cover to over 70 lakh lives and the sum assured under these schemes is Rs. 8,613 crores. The life fund also has increased from Rs. 380 crores to Rs. 8,600 crores.

2. The Corporation over the years has grown considerably in size and it has, therefore, been decided in the interest of operational efficiency, and, in order to strengthen the industry's ability to meet the challenges of the future, to re-structure the existing Life Insurance Corporation into more manageable units. It is expected that this will result in more effective spread of insurance into the rural areas where only limited headway has been made so far.

3. The Bill provides for the re-structuring of the Corporation into five independent units with a co-ordinating body to provide supervision and guidance on matters of common interest. This reorganisation is also expected to impart a greater degree of dynamism into the working of the industry and improve the quality of service rendered to the policy-holders.

4. On the establishment of the five independent units, the assets and liabilities of the Life Insurance Corporation of India would be equitably distributed amongst these units on the basis of actuarial valuation thereof made by a Committee of Experts. Persons employed in any Zone of the erstwhile Corporation would be so employed in the unit established for that Zone that they are not disturbed. Persons employed in the Central Office of the erstwhile Corporation would, however, be distributed among the Life Insurance Board and the different units having regard to the administrative requirements of the Board and of such units.

5. The Bill further provides for setting up of Claims Tribunals, Appellate Claims Tribunals and Service Matters Tribunals for speedy settlement of disputes relating to life insurance claims of policy-holders and service matters of the employees.

6. The Notes on clauses appended to the Bill explain in detail the various provisions thereof.

NEW DELHI;

PRANAB MUKHERJEE.

The 25th August, 1983.

PRESIDENT'S RECOMMENDATION UNDER ARTICLE 117 OF THE
CONSTITUTION OF INDIA

[Copy of letter No. F.4(3)|Ins-III|83, dated the 26th August, 1983 from Shri Pranab Kumar Mukherjee, Minister of Finance to the Secretary, Lok Sabha.]

The President, having been informed of the subject matter of the proposed Life Insurance Corporations Bill, 1983, recommends the introduction of the Bill in Lok Sabha under clause (1) of article 117, and its consideration under clause (3) of article 117 of the Constitution of India.

The above said recommendation was made by the President on the 25th August, 1983.

Notes on clauses

Clause 2.—This clause defines the expressions used in the Bill.

Clause 3.—This clause provides for the dissolution of the Life Insurance Corporation of India established under section 3 of the Life Insurance Corporation Act, 1956 (31 of 1956), and the repeal of the aforesaid Act. The clause also provides that the capital of the dissolved Corporation, its officers, employees and insurance agents as well as its rights, liabilities and obligations shall be dealt with in accordance with the First Schedule.

Clause 4.—This clause provides for the establishment of new Life Insurance Corporations with head offices at Kanpur, Calcutta, Delhi, Madras and Bombay.

Clause 5.—This clause provides for the authorised capital and the paid-up capital of each of the new Corporations.

Clause 6.—This clause provides for the constitution of the new Corporations, the maximum number of members of each Corporation and the conditions to be satisfied by the members.

Clause 7.—This clause provides for the term of office and conditions of service of the Chairman and other members of the new Corporations, excluding *ex officio* members. Their term of office will not be less than three years and they will be eligible for reappointment. The clause also provides for the filling up of a casual vacancy of a member or in the office of the Chairman.

Clause 8.—This clause provides for the disqualifications and removal of members and also the termination of the appointment of the Chairman and his resignation of office.

Clause 9.—This clause defines the functions and powers of the new Corporations and provides that each Corporation shall be primarily responsible for the intensive development of life insurance business within the Zone, that is to say the area, assigned to it for this purpose. The clause also empowers the Central Government to issue directions to the new Corporations in matters of policy involving public interest.

Clause 10.—This clause provides for conditions which each new Corporation may impose to protect its investments and for the appointment of its nominee on Boards of Directors of the assisted concerns. The clause also provides for indemnity for these nominees.

Clause 11.—This clause provides for establishment of Divisional Offices, Branches and other offices by the new Corporations.

Clause 12.—This clause provides that the Chairman of a new Corporation shall be the Managing Director thereof and shall also be the President of each of the Committees constituted in terms of clause 13.

Clause 13.—This clause provides for the constitution of an Executive Committee, an Investment Committee and such other Committees as each new Corporation may decide.

Clause 14.—This clause provides that each new Corporation may appoint Executive Directors, Secretary and other officers and employees according to its requirement.

Clause 15.—This clause provides for the constitution of the Life Insurance Board with its office at New Delhi. The Board will consist of the Chairman of each new Corporation, *ex officio*, and other members, not exceeding 11. One of the members of the Board shall be appointed its Chairman.

Clause 16.—This clause provides for the conditions of service and the term of office of the members of the Life Insurance Board, other than *ex officio* members.

Clause 17.—This clause provides for appointment of Committees by the Life Insurance Board for different purposes and the fees and allowances payable to members (other than the members of a new Corporation and the Board) of the Committees.

Clause 18.—This clause provides for meetings of the Life Insurance Board and Committees thereof and the procedure to be followed at the meetings of the Board and the Committees.

Clause 19.—This clause provides for the appointment of Secretary and other officers and employees of the Life Insurance Board and the terms and conditions of their service.

Clause 20.—This clause provides for the functions of the Life Insurance Board. The Board will co-ordinate the activities of the new Corporations, review their performance and render advice to the new Corporations in matters of common interest, including actuarial matters.

Clause 21.—This clause provides for the finances of the Life Insurance Board.

Clause 22.—This clause provides for the establishment of Claims Tribunals and qualifications of the members of the Tribunals.

Clauses 23 and 24.—These clauses provide for the scope of the references to the Claims Tribunals. No suit or other legal proceeding will lie in a civil court in respect of any matter pending before, or decided by, a Claims Tribunal or the Appellate Claims Tribunal.

Clause 25.—This clause provides for the procedure of Claims Tribunals. A claim not exceeding Rs. 25,000 may be disposed of by a single-Bench Tribunal.

Clause 26.—This clause provides for the procedure for hearing cases by the Claims Tribunals. The order passed by the Claims Tribunal will, subject to the decision of the Appellate Claims Tribunal, be final.

Clause 27.—This clause provides for the constitution of an Appellate Claims Tribunal. The clause also defines the qualifications of the members of the Appellate Claims Tribunal and provides for appointment of President and Vice-President(s) of the Appellate Claims Tribunal.

Clause 28.—This clause defines the scope of the appeals to the Appellate Claims Tribunal and the time-limit within which the appeals may be filed.

Clause 29.—This clause provides for the procedure to be followed by the Appellate Claims Tribunal for hearing the concerned parties and the service of the orders passed by the Appellate Claims Tribunal.

Clause 30.—This clause provides for the procedure of the Appellate Claims Tribunal regarding allocation of work and disposal of appeals. The clause also provides that a claim not exceeding Rs. 50,000 may be disposed of by a single-Bench of the Appellate Claims Tribunal.

Clauses 31 and 32.—These clauses provide for the establishment of Service Matters Tribunals, the qualifications of their members and the scope of applications which the employees of the new Corporations or the Life Insurance Board may make to these Tribunals.

Clauses 33 and 34.—These clauses provide for the procedure to be followed by Service Matters Tribunals and the service of orders passed by such Tribunals.

Clauses 35 and 36.—These clauses define the authority of the Tribunals. Every Tribunal shall have the same powers as are vested in a civil court in connection with oral and documentary evidence, shall have power to regulate its own procedure and every proceeding before a Tribunal shall be deemed to be a judicial proceeding.

Clause 37.—This clause provides for the procedure where the members of a Tribunal differ in their opinion.

Clause 38.—This clause provides for the method of determination of equivalent ranks for the purpose of appointment as members of a Tribunal.

Clause 39.—This clause deals with costs awarded by a Tribunal.

Clause 40.—This clause provides for the establishment of a Fund by every new Corporation for crediting all receipts and debiting all payments of the Corporation thereto.

Clause 41.—This clause provides for appointment of auditors by every new Corporation and the Life Insurance Board and the manner in which they will submit their reports.

Clause 42.—This clause provides for actuarial valuations of the new Corporations once at least in every two years. The report of the actuaries will be submitted to the Central Government.

Clause 43.—This clause provides for the submission by every new Corporation and the Life Insurance Board to the Central Government of the annual reports of their activities annually. The clause also provides that the new Corporations and the Life Insurance Board will furnish to the Central Government other reports and returns, etc., which the Central Government may, from time to time, require.

Clause 44.—This clause provides for the manner in which the surplus disclosed by the actuarial valuation of the life insurance business of every new Corporation shall be disposed of ninety-five per cent. of the surplus

will be allocated to the policy-holders, and the balance will be paid to the Central Government or will be utilised for such purposes and in such manner as the Central Government may determine.

Clause 45.—This clause provides for the payment to the Central Government of the profits of the new Corporations accruing from business other than life insurance business.

Clause 46.—This clause provides that the report of the auditors on the annual accounts and the report on the actuarial valuation of the new Corporations will be laid before Parliament. The clause further provides that the reports on the activities of the new Corporations and the Life Insurance Board will also be laid before Parliament.

Clause 47.—This clause provides that the new Corporations will, subject to the exceptions laid down in the proposed legislation, have exclusive privilege of carrying on life insurance business in India.

Clause 48.—This clause provides for permission being granted to any person to carry on life insurance business in India in respect of lives of persons ordinarily resident outside India.

Clause 49.—This clause provides for the use of an official seal by the various offices of a new Corporation.

Clause 50.—This clause provides for guarantee by the Central Government as to the payment of sums assured and vested bonuses under life insurance policies on the registers of the new Corporations.

Clause 51.—This clause provides that a new Corporation shall not be placed in liquidation save by an order of the Central Government.

Clause 52.—This clause provides for penalties for carrying on life insurance business in India in contravention of the proposed legislation.

Clause 53.—This clause provides for penalties for withholding of property, etc., from the new Corporations on their establishment.

Clause 54.—This clause contains the usual provision relating to punishment of offences by companies.

Clause 55.—This clause provides that the jurisdiction of civil courts will be barred in a matter which a Service Matters Tribunal is empowered to entertain and adjudicate upon.

Clause 56.—This clause provides for enforcement of the decisions and orders of the Tribunals.

Clause 57.—This clause provides for the application of the various provisions of the Insurance Act, 1938 (4 of 1938) to the new Corporations.

Clause 58.—This clause seeks to provide that no deduction of tax will be made at source under section 193 or section 194 of the Income-tax Act, 1961 (43 of 1961), in respect of any interest or dividend payable to a new Corporation on any securities or shares owned by it or in which it has full beneficial interest.

Clause 59.—This clause provides for exemption to certain funds and organisations from the provisions of the proposed legislation to enable them to run schemes involving contingencies of life and death.

Clause 60.—This clause provides that the proceedings of a new Corporation, the Life Insurance Board or a Tribunal will not be called in question merely by reason of the existence of any vacancy therein or any defect in the constitution thereof.

Clause 61.—This clause provides protection to members, Executive Directors or employees of the new Corporations and the Life Insurance Board for anything done in good faith or intended to be done under the proposed legislation.

Clause 62.—This clause provides that the employees of the new Corporations, the Life Insurance Board and the Tribunals shall be deemed to be public servants.

Clause 63.—This clause provides for the disqualifications for being eligible for the issue of licence to act as insurance agents and for annulment of any such licence if issued contravening the provision.

Clause 64.—This clause provides that the employees of a new Corporation or of the Life Insurance Board or of a Tribunal, the members of a new Corporation or of the Life Insurance Board and the members of a Tribunal shall not take active part in politics.

Clause 65.—This clause confers on the Central Government the power to make rules to carry out the provisions of the Bill.

Clause 66.—This clause confers on every new Corporation power to make regulations, not inconsistent with the provisions of the proposed legislation and the rules made thereunder, with the previous approval of the Central Government.

Clause 67.—This clause provides that the notifications made under clause 57, rules made under clause 65 and regulations made under clause 66 shall be laid before Parliament.

Clause 68.—This clause provides for the provisions of the proposed legislation and the rules made thereunder to override all other enactments, etc.

Clause 69.—This clause provides for removal of difficulties.

Clause 70.—This clause provides that notwithstanding the repeal of the Life Insurance Corporation Act, 1956, the actions, dues and contracts of the dissolved Corporation shall devolve on the corresponding new Corporations. The clause also provides that the rules and regulations made under the aforesaid Act shall remain in force until they are duly altered.

The First Schedule:

Paragraph 1.—This paragraph defines the expressions used in the First Schedule.

Paragraph 2.—This paragraph provides for the manner in which the capital of the dissolved Corporation will be transferred to the new Corporations.

Paragraph 3.—This paragraph provides for the allocation of the officers and other employees of the dissolved Corporation to the

new Corporations which would come into being on the appointed day. The paragraph also provides for protecting the emoluments of the officers and other employees and an option that they can exercise in favour of not being an officer or other employee of the concerned corresponding Corporation by giving a month's notice.

Paragraph 4.—This paragraph provides for the distribution of assets and liabilities of the dissolved Corporation and the allocation of the same amongst the corresponding new Corporations in an equitable manner in accordance with actuarial principles. It also provides for the protection of all transactions, agreements, arrangements, contracts, etc., of the dissolved Corporation to continue as if they had been entered into by the corresponding new Corporations. Sub-paragraph (10) of this paragraph provides for the distribution of the foreign branches of the dissolved Corporation.

Paragraph 5.—This paragraph provides for the rights and liabilities of the dissolved Corporation in respect of life insurance policies transferred to the corresponding new Corporations and a one-time option to the policy-holders to obtain transfer of their policies to the new Corporation of their choice.

Paragraph 6.—This paragraph provides for the continuance of the insurance agents in the corresponding new Corporations on the same terms and conditions as would have been applicable to them if the proposed legislation had not been passed.

The Second Schedule.—This Schedule specifies the Zones, that is to say the area, referred to in clause 9 wherein intensive development of life insurance business would be the primary responsibility of the respective new Corporations.

FINANCIAL MEMORANDUM

Clause 5 of the Bill provides that the authorised capital of each of the new Corporations shall be Rs. 5 crores and that the paid-up capital of each Corporation shall initially be Rs. 1 crore, to be increased subsequently if the circumstances so warrant. The initial paid-up capital of each new Corporation will be subscribed by the Central Government out of the capital amount of Rs. 5 crores, provided to the dissolved Corporation. Immediately, therefore, no fresh outlay is involved.

2. Clauses 22 and 27 of the Bill provide for the establishment of Claims Tribunals and an Appellate Claims Tribunal to deal with disputes relating to life insurance claims. Further, clause 31 provides for establishment of Service Matters Tribunals to deal with grievances relating to service matters of employees. To start with, it is proposed to establish five Claims Tribunals and five Service Matters Tribunals besides the Appellate Claims Tribunal. The estimated non-recurring expenditure on account of the establishment of these Tribunals is of the order of Rs. 30 lakhs and the estimated recurring expenditure is of the order of Rs. 42 lakhs per annum.

3. The establishment of the new Corporations and supervision and control over their affairs in terms of the various clauses of the Bill would place additional burden of administration on the Insurance Division of the Department of Economic Affairs. To ensure that added responsibilities of the Division are discharged satisfactorily and smoothly, some marginal additions would have to be made to the existing strength of officers and staff. The estimated recurring expenditure is likely to be of the order of Rs. 5 lakhs per annum.

4. In terms of clause 50, all contracts for assurance on the registers of the new operating units, including those transferred from the Corporation, will be guaranteed as to payment by the Central Government. It is unlikely that this guarantee will lead to any liability in fact.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 57 of the Bill empowers the Central Government to apply certain provisions of the Insurance Act, 1938 (4 of 1938), by notification in the Official Gazette, to every Corporation established under the proposed legislation, subject to such conditions and modifications as may be specified in that notification.

2. Clause 65 of the Bill empowers the Central Government, by notification in the Official Gazette, to make rules to carry out the provisions of the proposed legislation. Sub-clause (2) of this clause enumerates in detail the matters with respect to which rules may be made under this clause. These matters relate, *inter alia*, the term of office and conditions of service of the Chairman and other members of a Corporation, the matters subject to which investment of its funds shall be made by a Corporation, the fees and allowances to be paid to the members of a Committee constituted under the proposed legislation, the terms and conditions of service of the Executive Directors, Secretary and other officers and employees of a Corporation, the terms and conditions of service of a member of the Board, the times and places at which the Board shall meet and the procedure in regard to the transaction of business at its meetings which shall be observed by the Board, the terms and conditions of service of Secretary and other officers and employees of the Board, the manner in which the Board shall review the functioning of a Corporation and the service which the Board shall render to a Corporation, the other functions to be performed by the Board, the matters subject to which payment of an amount determined by the Central Government shall be made by a Corporation to the Board, the form in which an application or appeal shall be made to a Tribunal constituted under the proposed legislation and the fee which shall accompany such application or appeal, the matters subject to which a Tribunal constituted under the proposed legislation shall have power to regulate its own procedure, the conditions and limitations subject to which costs may be awarded by any Tribunal constituted under the proposed legislation, the form in which a report giving an account of its activities during the previous financial year shall be submitted by a Corporation and the Board to the Central Government and the terms and conditions of work of the insurance agents of a Corporation. The power to make rules conferred by clause 65 includes power to give retrospective effect to the terms and conditions of service of the employees or the terms and conditions of work of insurance agents and to amend by way of addition, variation or repeal such terms and conditions of service or work with retrospective effect, from a date not earlier than the date of commencement of the proposed legislation.

3. Clause 66 of the Bill empowers every Corporation established under the proposed legislation to make regulations, with the previous approval of the Central Government, by notification in the Official Gazette not inconsistent with the provisions of the proposed legislation and the rules made thereunder, to provide for

all such residuary matters for which provision is expedient for the purpose of giving effect to the provisions of the proposed legislation. These matters, *inter alia*, relate to the powers and functions of a Corporation which may be delegated to the officers in charge of its Divisional Offices and Branch Offices, the method of recruitment of employees and insurance agents, the manner in which the Fund of a Corporation shall be maintained, the maintenance of separate funds and accounts at Divisional Offices and Branch Offices, the jurisdiction of Divisional Offices and Branch Offices, the conduct of business at meetings of a Corporation, the formation of Committees of a Corporation, the delegation of powers and functions to such Committees and the conduct of business at meetings of such Committees, the form and manner in which policies of life insurance may be issued and contracts may be executed, the classification of policies of life insurance for the purpose of declaring differential bonuses wherever necessary, the manner in which and the intervals within which the accounts of Divisional Offices and Branch Offices may be inspected and their accounts audited, and the conditions subject to which any payment may be made by a Corporation.

4. As the matters with respect to which rules or regulations may be made under clause 65 or clause 66 pertain to matters of procedure or detail, the delegation of legislative power is of normal character.

5. Clause 67 of the Bill provides the usual formula for laying of the said notifications, rules and regulations, as soon as they are made, before each House of Parliament.

6. Clause 69 of the Bill empowers the Central Government to remove by order, not inconsistent with the provisions of the Bill, any difficulty which may arise in giving effect to the provisions of the proposed legislation. This is by way of abundant caution and for covering difficulties which it is not practicable to visualise at this stage. It has, however, been provided that no such order shall be made after the expiry of a period of two years from the commencement of the proposed legislation. It has also been provided that a copy of every such order made shall be laid before each House of Parliament.

AVTAR SINGH RIKHY,
Secretary.